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“Remarks of James J. Hoecker”
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A National Perspective on Energy Policy

**Kansas Wind and Renewable
Energy Conference
Topeka, Kansas
October 2009**

Political Climate

- **Financial Distress**
- **Job Losses**
- **Concern About the Climate**
- **Introspective Foreign Policy**
- **Slack Energy Demand; Diverse Regional Impacts**
- **Partisan Divide in Washington**
- **New Administration-New Priorities**

Stimulus and Responses

- **\$877 Billion Stimulus Package**

Changing of the Guard

- **Henry Waxman for John Dingell (House Energy and Commerce)**
- **Carol Browner to the White House**
- **Jon Wellinghoff to FERC Chairmanship**
- **Steven Chu as Secretary of Energy**

The Emerging Agenda

- **Pro-regulation; especially of environment**
- **Focus on carbon constraints**
- **Infrastructure investment (1.5 Trillion for electric systems over 20 years)**
- **Energy efficiency**
- **Renewable energy**

Who's (Currently) In The Driver's Seat?

- **Democratic majorities:** 77 in House, 9 in Senate
 - No consistent Republican support for energy agenda
 - But watch out for the Blue Dogs
- **On Carbon:** Sen. Harry Reid (D-NV); Sen. Barbara Boxer (D-CA); Rep. Henry Waxman (D-CA), Rep. Ed Markey (D-MA), Rep. Rick Boucher (D-VA), Sen. Evan Bayh (D-IN)
- **On Electric Policy:**
 - Sen. Reid (D-NV), Sen. Bingaman (D-NM), Sen. Bryan Dorgan (D-ND), Reps. Jay Inslee (D-WA) and Ed Markey (D-MA)
- **State & Federal Officials** with \$900 Billion to spend.

Climate Remediation: A Heavy Lift

Policy Alternatives	Pros	Cons
Cap-and-Trade	Emissions are directly regulated; known reduction targets	Complex market; price unknown
	Political support makes this alternative more probable.	Potential manipulation by speculators and energy companies
	Global agreement of cap-and-trade more likely than carbon tax.	Problems with cap-and-trade programs in Europe and Canada not reaching goals.
Carbon Tax	Simple to apply; known price	Price must be changed every year to meet emission reduction goals; reductions unpredictable
	Effective in reducing greenhouse gas emissions	The “T” word is politically problematic (especially in this economy)

GHG Regulation In a Nutshell

H.R. 2454 - American Clean Energy and Security Act (ACES) “Waxman-Markey”

S. ____ - Clean Energy Jobs and American Power Act “Boxer/Kerry”

- Renewable Energy Standards
- Penalties for failure to reduce energy use
- Low-carbon fuel standards (LCFS)
- Cap and Trade
- New source performance standards
- Carbon capture and sequestration R&D

But, EPA is moving forward now . . .

New Challenges and Opportunities

- **Transmission Infrastructure**
 - Planning – regional, interregional, interconnection wide
 - Siting – federal backstop authority, the pipeline model
 - Cost Allocation and recovery – a grab-bag of approaches
- **Energy Storage**
- **Smart Grid Investment**
- **Nuclear Build-out**
- **Energy Efficiency and Demand-response**

Preparing for the Energy Future

● Strategic Targets

- Renewable energy
- “Smart” Technology
- Transportation
- Infrastructure; esp. electric, storage
- Fossil fuel – in or out?

● Human Resource Issues

- Green Jobs
- Retooling the workforce

● Regulatory control –Regionalism or A New Era of Resource Federalization?

Preparing for the Energy Future

● Cautions

- Higher variable costs of conversion = weakened demand
- Sustainable priorities need bipartisan support
- Smart technologies risk being oversold
- Basic infrastructure may be under appreciated

● Is Globalization A Winner for the US?

- Foreign investment in domestic energy and manufacturing
- Technology export
- Cement North American markets
- Copenhagen in December

The Near-term Prognosis

- **Time table on Climate Change bills, EPA action**
- **Prospects for separate energy legislation**
- **Fossil fuel developments**
- **And you thought health care reform was contentious?**

Enjoy the Conference

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